



## **Department of Audits and Accounts**

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March 6, 2019

Honorable Jesse Stone  
Chairman, Senate Judiciary  
325-A Coverdell Legislative Office Building  
Atlanta, GA 30334

**SUBJECT:** Fiscal Note  
Senate Bill 110 (LC 41 1895S)

Dear Chairman Stone:

This bill would establish the Statewide Business Court consisting of one judge, appointed by the Governor and approved by majority votes of the Senate Judiciary Committee and House Judiciary Committee. The court would exercise concurrent jurisdiction and the powers of a court of equity where the amount in controversy is at least \$250,000 or equitable relief is sought for claims arising under the Georgia Arbitration Code; the Georgia International Commercial Arbitration Code; the Georgia Trade Secrets Act of 1990; the Georgia Uniform Securities Act of 2008; the Uniform Commercial Code; the Georgia Business Corporation Code; the Uniform Partnership Act; the Georgia Revised Uniform Limited Partnership Act; the Uniform Limited Partnership Act; or the Georgia Limited Liability Company Act. Other cases under the court's jurisdiction could also include claims related to internal affairs of businesses, securities, trademarks, noncompetition or nonsolicitation covenants, professional malpractice, tort, and e-commerce agreements. The court would begin operating on January 1, 2020 and would start accepting cases on August 1, 2020.

Expenditures

This bill would require additional spending to establish and operate the court. For FY 2020, we estimate start-up costs of approximately \$315,000. Once the court begins accepting cases in FY 2021, we estimate annual operating costs at approximately \$1.05 million. In addition to annualizing the initial costs, we estimated the need for additional personnel in FY 2021.

As shown in **Exhibit 1** and discussed below, cost estimates include personal services, regular operating, computer charges, real estate rentals, and telecommunications. The personal services estimates are based on Court of Appeals salary schedules, while operating expense estimates are primarily based on the actual expenditures of the Georgia Tax Tribunal, a similarly structured court attached to the Office of State Administrative Hearings (OSAH). Like the proposed court, the Georgia Tax Tribunal statute requires one judge and one clerk. The Tax Tribunal also employs a legal officer.

#### **Exhibit 1**

#### **Statewide Business Court Estimated Expenses**

|                    | <b>FY 2020</b>   | <b>FY 2021</b>     |
|--------------------|------------------|--------------------|
| Personal Services  | \$250,976        | \$919,646          |
| Regular Operating  | \$25,150         | \$50,300           |
| Computer Charges   | \$235            | \$470              |
| Real Estate Rental | \$37,760         | \$75,520           |
| Telecommunications | <u>\$1,140</u>   | <u>\$2,280</u>     |
| <b>Total</b>       | <b>\$315,261</b> | <b>\$1,048,216</b> |

**1Personal Services** – The bill stipulates that the court consist of one judge and one appointed clerk. The appointed judge and clerk would begin administrative duties on January 1, 2020. The judge would be paid an annual salary of \$174,500 that is set in state law, and the clerk would receive a salary equal to the clerk of the Court of Appeals. The bill allows the judge to appoint additional law clerks, staff attorneys, and other employees as deemed necessary. In FY 2021, we included the estimated salaries and benefits for two law assistants and one administrative assistant, in addition to the judge and clerk. Total personal costs in FY 2021 were estimated at \$919,646.

**2Other Expenses** – We estimated that costs for regular operating, computer charges, and telecommunications would total \$26,500 in FY 2020 and \$53,000 in FY 2021 based on the Georgia Tax Tribunal's expenditures. These costs may be higher for a business court located in Macon-Bibb County if the court is unable to leverage the support services of another state agency similar to the relationship between the Georgia Tax Tribunal and OSAH. For real estate rentals, we used the State Properties Commission's full-service rate estimate of \$23.60 per square foot, which includes utilities, janitorial, and tenant improvement costs. If the court requires 3,200 square feet, real estate rentals would total approximately \$37,760 in FY 2020 and \$75,520 in FY 2021.

#### Revenue

The bill would also generate revenue through filing fees that would be remitted to the state treasury. The bill requires a \$1,000 fee for filing an action or seeking transfer to the Statewide Business Court. Total fee revenue was not estimated because the caseload is unknown.

Sincerely,

/s/ Greg S. Griffin

Greg S. Griffin  
State Auditor

/s/ Kelly Farr

Kelly Farr, Director  
Office of Planning and Budget

GSG/KF/kc